

**GEORGIA STATE BOARD OF ACCOUNTANCY
STATEMENT OF POLICY NO. 8**

*(For use in administering O.C.G.A. 43-3-35
of the Public Accountancy Act of 1977.)*

NONAUDIT SERVICES BY UNLICENSED PERSONS

Adopted by the Board of Accountancy November 15, 1990.

I. INTRODUCTION

The State Board has received a number of requests for advise with respect to the provisions of the Public Accountancy Act of 1977 which reserve the attest function to CPA's. Questions have been asked concerning the type of report on unaudited financial statements that may be issued by an unlicensed person (that is, a person who does not hold a live permit for the practice of public accounting) who offers to perform or performs nonaudit services for the public.

The State Board offers the following commentary in response to such questions. Readers are cautioned that this commentary is only for general guidance.

II. STATUTORY FRAMEWORK

The issuance of a report attesting to the reliability of financial information is reserved to CPA's under subsections (f) and (g) of Section 43-3-35.

A brief paraphrase of subsections (f) and (g) of Section 43-3-35 is as follows:

No individual shall sign any opinion or certificate attesting in any way to the reliability of any representation embracing financial information, together with any wording in such opinion or certificate which indicates that he has expert knowledge in accounting or auditing unless he holds a live permit and all of his offices in Georgia for the practice of public accountancy are maintained and registered under Section 43-3-23 of the Act.

Subsection (b)(5) of O.C.G.A. 43-3-36 of the Public Accountancy Act of 1977 states that "Nothing contained in this chapter shall prohibit any person from offering to perform or performing for the public . . . the preparation of unaudited financial statements, schedules, or reports."

III. Specific Guidance

In interpreting these two code sections, the Board offers the following guidance.

A. Transmittal Letters Used by Unlicensed Persons

The Board has been advised that unlicensed persons may use the following SSARS language in their transmittal letters:

A compilation is limited to presenting in the form of financial statements information that is the representation of the management (owners). I (we) have not audited or reviewed the accompanying financial statements, and accordingly, do not express an opinion or any other form of assurance on them.

However, an unlicensed person may not express an opinion as to the reliability of any financial statements or reports or indicate that he/she has expert knowledge in accounting or auditing. For example, such report cannot indicate that the statements have been compiled in accordance with standards established by the AICPA.

B. Distribution of Financial Statements Prepared by Unlicensed Persons.

The State Board has concluded that the Public Accountancy Act does not prohibit the distribution of such financial statements to a third party, such as a credit grantor. Nor does it prohibit the distribution of the unlicensed person's transmittal letter to such third party.

However, the transmittal letter must not attest to the reliability of the financial information or indicate that the unlicensed person has expert knowledge in accounting or auditing.